

## **DECISION MEMORANDUM**

**TO: COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: SCOTT WOODBURY  
DEPUTY ATTORNEY GENERAL**

**DATE: NOVEMBER 5, 2010**

**SUBJECT: CASE NO. GNR-E-09-03  
REVIEW OF SURROGATE AVOIDED RESOURCE (SAR) METHODOLOGY  
STAFF PROPOSAL TO VACATE SCHEDULING**

### **BACKGROUND**

On August 6, 2009, the Idaho Public Utilities Commission (Commission) opened a generic docket (Case No. GNR-E-09-03) to assess the continued viability of the Commission's existing proxy unit or surrogate avoided resource (SAR) methodology for calculating published avoided cost rates. Specifically, the Commission noticed its intent to explore the continued reasonableness of using published avoided cost rates as presently calculated for all Qualifying Cogeneration and Small Power Production Facility (QF) resource types. 18 C.F.R. § 292.101(6).

As reflected in the Commission's August 6, 2009 Notice, the appropriateness of a single avoided cost SAR methodology for published rates is being re-examined in the context of PURPA and FERC requirements<sup>1</sup> and the comparative and different generation and operation capabilities of resources being offered to Idaho utilities, e.g., capacity factor, dispatchability, intermittency. Written comments were solicited. Reply comments were authorized. All comments are available for review at the Commission's office, 472 W. Washington Street, Boise, Idaho and on the Commission's web site [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and then "Electric Cases."

At the direction of the Commission, Staff prepared a straw man wind SAR proposal earlier this year and distributed it to a small universe of interested parties (QFs and utilities) for their review and comment. (The straw man proposal was attached to the Commission's earlier Notice of

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<sup>1</sup> The Public Utility Regulatory Policies Act of 1978 (PURPA) and the implementing regulations of the Federal Energy Regulatory Commission (FERC) (18 C.F.R. § 292).

Public Workshop issued October 6, 2010, and is now available attached to that Notice on the Commission's web site.) It was a starting point proposal intended to generate discussion of its strengths and weaknesses and to provoke the formulation of new and better proposals. Those comments are also available for review at the Commission's offices and on its web site.

### **WORKSHOP AND SCHEDULING**

On October 6, 2010, the Commission formally noticed the straw man proposal and scheduled a public workshop regarding same. By Amended Notice the workshop was rescheduled for November 3, 2010. The purpose of the workshop was to discuss the strengths and weaknesses of the straw man proposal and to discuss other proposals of the parties.

Staff represents to the Commission that at the conclusion of the November 3, 2010 workshop while it seems the parties were in agreement that continued discussions should occur on some level it was agreed that there was no appetite for further discussions of Staff's straw man proposal. Staff accordingly recommends that the November 23, 2010 deadline for filing written comments be vacated. Further procedural recommendations will be presented to the Commission at a later date.

### **COMMISSION DECISION**

Staff recommends for reasons set forth above that the deadline for filing written comments regarding the straw man wind SAR proposal currently scheduled for November 23, 2010 be vacated. Does the Commission agree with Staff's recommendation?



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Scott Woodbury  
Deputy Attorney General